

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:	Chapter 9
	Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	Hon. Steven W. Rhodes
Debtor.	

ATTORNEY GENERAL'S APPROVAL OF DIA SETTLEMENT

The City of Detroit's Fourth Amended Bankruptcy Plan (Docket #4392) requires the Attorney General's approval of the DIA Settlement. Attorney General Bill Schuette hereby approves the DIA Settlement.

1. The DIA Settlement is part of the City of Detroit's 4th Amended Bankruptcy Plan. (See 4th Am. Plan at 46–47; 4th Am. Plan, Term Sheet, Ex. I.A.91.) Under the DIA Settlement, certain local and national foundations have committed to fund the settlement with \$366 million; and the Detroit Institute of Arts, which is the charitable nonprofit corporation that founded the museum and now manages the museum, has committed to fund an additional \$100 million. (4th Am. Plan at 46.)



2. The DIA Settlement includes several conditions on the participation of the DIA Funding Parties, including “(i) the approval of the DIA Settlement by the Attorney General for the State.” (4th Am. Plan at 47; *see also* Term Sheet, Ex. I.A.91, at 14 (“Conditions to The DIA’s and the City’s and the Funders’ Commitments and Initial Payments under the Settlement[:] The City’s and the Funders’ obligations under the settlement will become binding only upon: . . . (4) approval of the settlement by the Michigan Attorney General as consistent with Michigan law and with Attorney General Opinion No. 7272[.]”))

3. Under Michigan law, the Attorney General represents the people of Michigan regarding their interests in all charitable trusts. *See, e.g.*, § 1 of the supervision of trustees for charitable purposes act, Mich. Comp. Laws §14.251 (“It is hereby declared to be the policy of the state that the people of the state are interested in the administration, operation and disposition of the assets of all charitable trusts in the state; *and that the attorney general shall represent the people of the state* in all courts of the state in respect to such charitable trusts.” (emphasis

added)). A primary consideration of the Attorney General in this area is the protection of charitable assets for their intended charitable purpose.

4. In Attorney General Opinion #7272, issued June 13, 2013, the Attorney General considered the legal status of the art collection of the Detroit Institute of Arts, concluding: “The art collection of the Detroit Institute of Arts is held by the City of Detroit in charitable trust for the people of Michigan, and no piece in the collection may thus be sold, conveyed, or transferred to satisfy City debts or obligations.”

5. The DIA Settlement accords with Michigan law and is consistent with the Attorney General’s conclusion, requiring that “the City shall irrevocably transfer the DIA Assets to DIA Corp., as trustee, *to be held in perpetual charitable trust*, and within the City limits, for the primary benefit of the residents of the City and the Counties and the citizens of the State.” (4th Am. Plan at 47 (emphasis added).)

6. The Attorney General hereby approves the DIA Settlement. (See Attachment A, letter to Judge Steven W. Rhodes.)

Respectfully submitted,

Bill Schuette
Attorney General

B. Eric Restuccia (P49550)
Deputy Solicitor General

/s/ Michael R. Bell
Michael Bell (P47890)
William R. Bloomfield (P68515)
Assistant Attorneys General
P.O. Box 30212
Lansing, Michigan 48909
(517) 373-1124

Dated: June 17, 2014



BILL SCHUETTE
ATTORNEY GENERAL
STATE OF MICHIGAN

June 10, 2014

The Hon. Steven W. Rhodes
Eastern District of Michigan, Bankruptcy Court

Re: Attorney General Approval of DIA Settlement

To the Court:

The City of Detroit's Fourth Amended Bankruptcy Plan (Docket No. 4392) requires my approval of the DIA Settlement. Because the DIA settlement fully preserves the DIA's art collection for the people of Michigan, I am happy to approve the DIA Settlement.

Last June, as questions arose regarding the legal status of the DIA's art collection, I issued Attorney General Opinion #7272. In this opinion, I concluded: "The art collection of the Detroit Institute of Arts is held by the City of Detroit in charitable trust for the people of Michigan, and no piece in the collection may thus be sold, conveyed, or transferred to satisfy City debts or obligations."

Consistent with my conclusion, the DIA Settlement now requires that "the City shall irrevocably transfer the DIA Assets to DIA Corp., as trustee, *to be held in perpetual charitable trust*, and within the City limits, for the primary benefit of the residents of the City and the Counties and the citizens of the State." 4th Amended Plan, at 47 (emphasis added).

This result – a result made possible through the generous contributions of local and national foundations, the DIA, and the State of Michigan – is an excellent one. Nearly 130 years ago, the DIA began as a nonprofit corporation with the charitable purpose of the public display of art. As required by Michigan law, the DIA Settlement continues the museum's charitable purpose and thereby preserves Michigan's world-class art collection for current and future generations of Michigan citizens.

The City of Detroit's motto, emblazoned on the City's flag, states: "*Speramus meliora; resurget cineribus*." ("We hope for better things; it will arise from the ashes.") I approve the DIA Settlement.

Sincerely,

Bill Schuette
Attorney General